

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (62533-U) (A member of PhillipCapital)

PALM FCPO AUG17 (2504, -12)

Our Call of The Day:

Mildly Bearish

31 May 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil extends losses, hits over 1-month low on weaker soyoil.
- CBOT soybean near 14-month low on technicals, better U.S. weather.

Crude Palm Oil

Malaysian palm oil futures on Tuesday dipped to their lowest in a month, tracking weaker performing soyoil on the Chicago Board of Trade.

The benchmark August 17 contract dropped RM12 to close at RM2,504 per tonne, prices were traded between RM2,532 and RM2,475 with total traded volume for palm stood at 48,965 lots.

According to a Kuala Lumpur-based futures trader, Soybean oil came off on Friday and also on overnight trade. He also added that a fading demand for palm oil once Ramadan fasting begins was also leading to market to decline.

Ramadan, which began on Saturday, sees Muslims in regions such as India, Pakistan and the Middle East, break day-long fasts with communal feasting. This incurs a higher usage of palm oil for cooking.

Buyers usually stock up on the tropical oil a month ahead of Ramadan, hence demand slows once the fasting begins.

Palm oil also takes direction from related edible oil soy as they compete for a share of the global vegetable oils market.

Today, we expect palm oil prices to continue its downward movement as prices are likely to be haunted by the weakness in US Soyoil market and a stronger ringgit.

For the benchmark palm oil contract, we see support levels at RM2,475 and RM2,455 while resistance levels at RM2,550 and RM2,600.

Soybean (Reuters)

Soybean futures on the Chicago Board of Trade (CBOT) fell to their lowest level in nearly 14 months on Tuesday on technical selling coupled with outlooks for improving U.S. crop weather.

Market shrugged off news of fresh export demand. The U.S. Department of Agriculture said private exporters sold 130,000 tonnes of U.S. soybeans to unknown destinations for delivery in the 2016/17 marketing year that began Sept. 1, 2016.

The USDA reported export inspections of U.S. soybeans in the latest week at 335,519 tonnes, in line with trade expectations for 250,000 tonnes to 450,000 tonnes.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,757	-30	2,798	2,798	2,736	5,735	-367	1,127
Jul17	2,611	-16	2,634	2,643	2,584	15,394	-1,465	4,263
Aug17	2,504	-12	2,516	2,532	2,475	46,092	-1,983	21,997
Sep17	2,439	-8	2,449	2,464	2,412	38,592	742	6,470
Oct17	2,415	-8	2,421	2,435	2,387	14,829	1,898	5,483
Nov17	2,420	-5	2,428	2,435	2,393	28,759	395	2,185
Jan18	2,456	-2	2,460	2,469	2,428	13,924	2,224	3,699
Mar18	2,474	-3	2,483	2,485	2,447	17,220	1,025	1,996
May18	2,482	0	2,486	2,491	2,455	13,757	251	1,194
Jul18	2,478	-1	2,486	2,486	2,449	5,884	198	461
Sep18	2,469	-4	2,440	2,469	2,440	3,428	32	62
Nov18	2,463	-8	2,441	2,463	2,441	2,340	6	28
Jan19	2,474	-8	-	-	-	314	0	-
Mar19	2,478	-8	-	-	-	5	0	-
May19	2,482	-4	-	-	-	0	0	-
Total						206,273	2,956	48,965

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	152	155	142	142	203
Jul17 / Aug17	111	116	103	105	2,240
Aug17 / Sep17	69	69	62	66	2,695
Sep17 / Oct17	25	29	24	24	1,758

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	912.75	-13.75
Soybean Oil	JUL17	31.42	-0.18
Soybean Meal	JUL17	297.60	-4.20
Crude Oil	JUL17	49.66	-0.27
DCE Palm Oil	SEP17	5,414	-36.00
DCE Soybean Oil	SEP17	5,866	-60.00

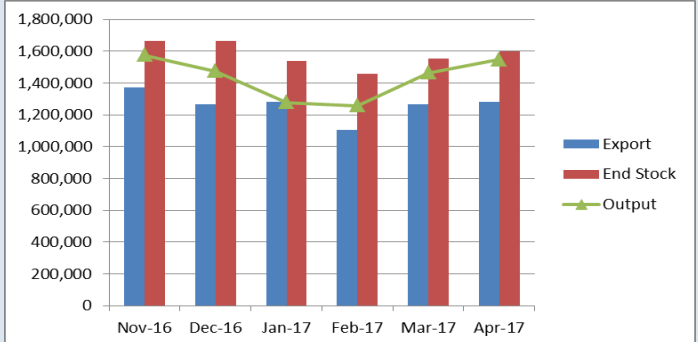
Exchange Rate

Currency	Last
USDMYR	4.2767
USDIDR	13,313
USDCNY	6.8492

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4381.67	n.a.
FOB CPO (Indo)	USD/mt	JUN17	n.a.	682.50	680.00
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	n.a.	705.00	703.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	700.00	n.a.

MOB Demand and Supply Analysis (6 Month Comparison)

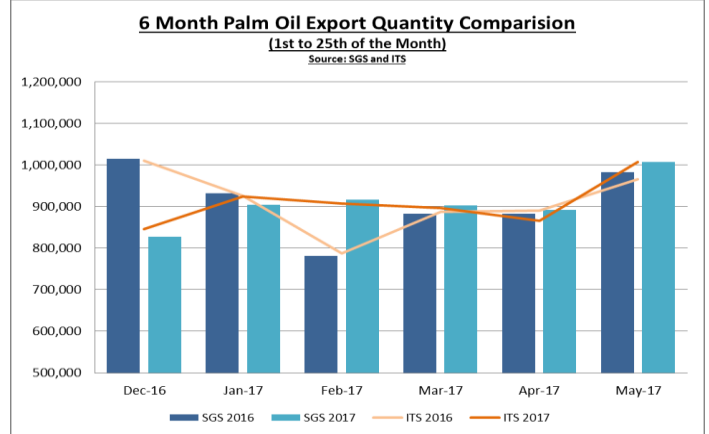


Demand and Supply Data

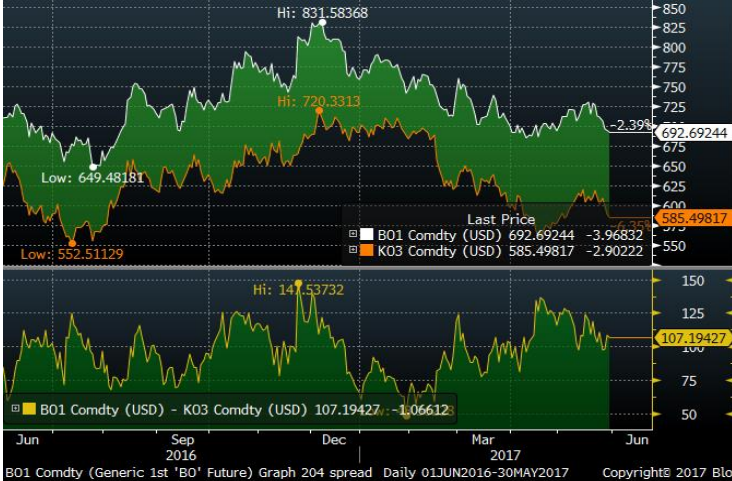
Date	Cargo Surveyor Figures					
	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175	852,628	18.6
First 25 days	866,297	1,006,757	16.2	891,725	1,006,853	12.9
Full month	1,125,942			1,135,340		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Mar'17	Apr'17	MoM (%)	Apr'17	Chg (%)
	Production	1,464,021	1,548,053	5.7	1,581
Export	1,265,771	1,283,308	1.4	1,3926	+10%
Import	101,961	54,475	-46.6		
Local Disapp	205,370	272,314	32.6		
Stock	1,552,988	1,599,894	3.0	1.6472	+6%
Stock/Use ratio	0.99	0.99	0.7		

Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



Sources: Thomson Reuters / Bloomberg/ MPOB /ITS/ SGS/ Phillip Futures

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